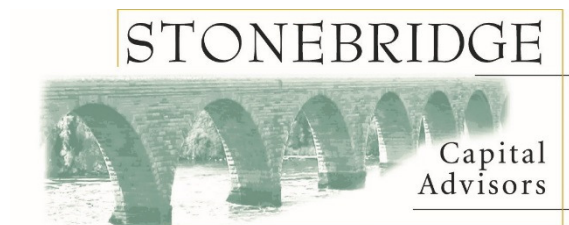


## Part 2A of Form ADV: *Firm Brochure*



Stonebridge Capital Advisors, LLC  
2550 University Avenue West  
Suite 180 South  
St Paul, MN 55114

Telephone: 651-251-1000  
Email: [rkincade@stonebridgecap.com](mailto:rkincade@stonebridgecap.com)  
Web Address: [www.stonebridgecap.com](http://www.stonebridgecap.com)

March 1, 2018

This brochure provides information about the qualifications and business practices of Stonebridge Capital Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 651-251-1000 or [rkincade@stonebridgecap.com](mailto:rkincade@stonebridgecap.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Stonebridge Capital Advisors, LLC ("Stonebridge") also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Stonebridge's CRD number is 111447.

## **Item 2     Material Changes**

This Firm Brochure, dated March 1, 2018, provides you with a summary of Stonebridge's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. Item 2 is used to provide our clients with a summary of new and/or updated information; we will inform you of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end December 31, 2017. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our fiscal year end, or we will provide you with our revised Brochure that will include a summary of those changes in this Item.

Update:            Part 2A – Amount of Managed Assets  
                      Part 2B – Gauri Jadhav was added as an Associate Portfolio Manager  
                                 Jessica Joyce was added as a Sales & Trading Associate

2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item of the document). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure Dated March 30, 2017.

<b>Item 3</b>	<b>Table of Contents</b>	<b>Page</b>
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4-5
Item 5	Fees and Compensation	5-7
Item 6	Performance-Based Fees and Side-By-Side Management	7
Item 7	Types of Clients	7
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	7-8
Item 9	Disciplinary Information	9
Item 10	Other Financial Industry Activities and Affiliations	9
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	9-10
Item 12	Brokerage Practices	10-12
Item 13	Review of Accounts	12
Item 14	Client Referrals and Other Compensation	13
Item 15	Custody	13
Item 16	Investment Discretion	14
Item 17	Voting Client Securities	14
Item 18	Financial Information	15

## **Item 4     Advisory Business**

Stonebridge Capital Advisors, LLC (“Stonebridge”) was formed in 1997 as an SEC-registered investment adviser\* to provide customized separately managed investment services. Our principal place of business is St. Paul, Minnesota. Stonebridge is primarily owned by the principals of our firm with a 34% share belonging to Robert and Lora Kincade. Services are provided across the country through our advisor partners and directly to clients.

Our mission is to respect our client’s unique financial needs and objectives, to serve those needs and objectives with integrity by designing investment solutions specifically for each client, and to earn their trust by partnering with them to meet their goals and objectives through strong relationships.

The Stonebridge team of Portfolio Managers is deep in experience, with over four decades of market cycles. We are honored to serve high net worth individuals, trusts, foundations, endowments, retirement plans, insurance companies, non-profit organizations and corporations. Portfolio Managers work directly with clients to document objectives and strategies and portfolios are reviewed regularly to assure goals are met.

Stonebridge is a “fiduciary” and always serves in the best interest of our clients.

### **INVESTMENT SUPERVISORY SERVICES**

We offer the following advisory services to our clients:

In conjunction with our Investment Management Services, Stonebridge provides “Private Wealth Management”. We serve as coordinator of the clients advisors (legal, accounting, financial planning, insurance) to assure family and life goals are being met. These services are coordinated through the accumulation, asset protection, retirement and wealth transfer stages of life.

Our firm provides continuous advice to a client regarding the investment of client funds based on their individual needs. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a personalized investment policy. We then create and manage a portfolio based on that policy. During our data-gathering process, we determine the client’s individual objectives, time horizon, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Stonebridge serves as a sub-advisor to other registered investment advisors and broker-dealers. In specialized circumstances we will also employ sub-advisors to serve the needs of our clients. All sub-advisory relationships are fully disclosed to clients prior to initiation of the relationship.

Stonebridge also serves as the “advisor” investment manager of an SEC registered mutual fund, The Covered Bridge Fund. We are compensated for our advisory services through the expense fees of the fund.

\*Registration does not imply a certain level of skill or training.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities: Stocks, both Common & Preferred
- Corporate & Municipal Bonds
- Master Limited Partnerships (MLP's)
- Exchange Traded Funds (ETF's)
- Mutual Funds
- Real Estate Investment Trusts (REIT's)
- Options

Because certain types of investments involve an additional degree of risk, they will only be recommended and implemented when they are consistent with the client's stated investment objectives, tolerance for risk, liquidity and overall suitability.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

#### **PUBLICATION OF PERIODICALS**

Stonebridge publishes regular newsletters providing general information on various financial topics including, but not limited to, estate and retirement planning, market trends, economic commentary, etc. No specific investment recommendations are provided in this newsletter and the information provided does not purport to meet the objectives or needs of any particular individual. This newsletter is distributed free of charge to our advisory clients.

#### **CONSULTING SERVICES**

Clients can also receive more focused investment advice. This may include advice on only an isolated area of concern such as estate planning, retirement planning, wealth management and other topics. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

#### **AMOUNT OF MANAGED ASSETS**

As of **12/31/2017**, we were actively managing **\$1,171,873,516** of clients' assets, of which **\$1,144,478,326** was on a discretionary basis and **\$27,395,190** was on a non-discretionary basis.

### **Item 5 Fees and Compensation**

#### **INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

The annualized fee for Investment Supervisory Services is charged as a percentage of the market value of assets under management, according to the following schedules. The fee schedules below show the maximum fees chargeable by Stonebridge. Fees are charged quarterly in advance. Clients can chose to either have fees deducted directly from their account or to remit them.

<u><b>Tax-Exempt Fixed Income</b></u>	<u><b>Annual Fee</b></u>
First \$1,000,000	1.25%
Next \$2,000,000	0.75 of 1%
In excess of \$3,000,000	0.65 of 1%

<b><u>Taxable Fixed Income</u></b>	<b><u>Annual Fee</u></b>
First \$1,000,000	1.25%
Next \$2,000,000	0.75 of 1%
In excess of \$3,000,000	0.65 of 1%
<b><u>Large Capitalization Growth Equity</u></b>	<b><u>Annual Fee</u></b>
First \$1,000,000	1.75%
Next \$2,000,000	1.25%
In excess of \$3,000,000	1.00%
<b><u>Equity Growth and Income</u></b>	<b><u>Annual Fee</u></b>
First \$1,000,000	1.75%
Next \$2,000,000	1.25%
In excess of \$3,000,000	1.00%
<b><u>Dividend Income Equity</u></b>	<b><u>Annual Fee</u></b>
First \$1,000,000	1.75%
Next \$2,000,000	1.25%
In excess of \$3,000,000	1.00%
<b><u>Balanced</u></b>	<b><u>Annual Fee</u></b>
First \$1,000,000	1.75%
Next \$2,000,000	1.25%
In excess of \$3,000,000	0.90 of 1%

***Limited Negotiability of Advisory Fees:*** Although Stonebridge has established the aforementioned fee schedules, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client portfolio, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, requested reports, among other factors. The specific annual fee schedule is identified in the contract between the firm and the client.

We may group certain related client accounts for the purpose of determining the annualized fee. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

#### **WEALTH MANAGEMENT and CONSULTING SERVICES FEES**

Our fee for Consulting Services is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Fees for Wealth Management and Consulting Services are generally included in the service fee schedules listed above. Fee schedules are negotiable.

#### **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Any unearned fees will be refunded if the agreement is terminated before the end of the billing period. The refund amount is based on days remaining in the billing period after a termination notice is received.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer with which Stonebridge effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Covered Bridge Fund Fees:** If the Covered Bridge Fund is utilized as an investment security in Stonebridge separately managed portfolios, Stonebridge does not charge an asset management fee on the allocation to The Covered Bridge Fund.

**Advisory Fees in General:** Clients should note that similar advisory services and investment products may (or may not) be available from other registered (or unregistered) investment advisers.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

Stonebridge Capital Advisors, LLC does not charge performance-based fees.

## **Item 7 Types of Clients**

Stonebridge Capital Advisors, LLC provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals & families
- Investment Companies
- Foundations and Endowments
- Trusts and Estates
- Retirement plans
- Corporations
- Non-profit Corporations
- Federal and State Governmental Entities
- Financial, Insurance, and Health Care Institutions
- Other

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Our fundamental analysis includes having a clear understanding of the products and services of each company or entity we are considering and assessing the company's ability to compete in its industry, grow its position, and the risks involved in its strategies. We also analyze how each company and its sector will perform in any given market cycle.

**Charting:** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

**Technical Analysis:** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company.

***Cyclical Analysis:*** In this type of technical analysis, we measure the movements of a particular security against the overall market in an attempt to understand the price movement of the security.

***Risks for all forms of analysis:*** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis could be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizon, among other considerations:

***Long-term purchases:*** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and /or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

Risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

***Short-term purchases:*** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a positive price swing in the securities we purchase.

***Option writing:*** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

In general, the two types of options are calls and puts:

- A call gives the holder the right to buy an asset at a certain price for a specific period of time. Stonebridge will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. Stonebridge will buy a put if we have determined that the price of the stock will fall before the option expires.

We use "covered calls", in which we sell an option on a security the client owns. In this strategy, the seller receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the seller at an agreed-upon price.

***Risk of Loss:*** Securities investments are not guaranteed and there is the possibility of loss on your investments that you should be prepared to bear. We will work closely with you to understand your tolerance for risk.



## **Item 9      Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

## **Item 10    Other Financial Industry Activities and Affiliations**

Stonebridge is independently owned and operated. We are not affiliated with any other firms.

## **Item 11    Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Our firm has adopted a Code of Ethics which set forth the high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Stonebridge and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an IPO. Our Code of Ethics also provides for oversight, enforcement and recordkeeping provisions.

Our Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity. A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by phone at 651-251-1000.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security or securities which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by Stonebridge may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be excluded in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
  1. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
  2. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
  3. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
  4. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer.
  5. We have established procedures for the maintenance of all required books and records.
  6. Client accounts are designed specifically to their needs and objectives. Clients are allowed to establish restrictions and guidelines in their portfolios to satisfy those objectives.
  7. All of our principals and employees must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
  8. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
  9. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
  10. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 Brokerage Practices**

For discretionary clients, Stonebridge requires these clients to provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged to these clients for these transactions.

Stonebridge does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Stonebridge will aggregate trades (group together in a block) where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. We will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally rotate or vary the order of brokers through which we place trades for clients on any particular day. Our block trading policy and procedures are as follows:

- Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Stonebridge, or our firm's order allocation policy.
- The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- The portfolio manager must reasonably believe that the order aggregation will benefit – and will enable us to seek best execution for – each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with their broker-dealer (custodian), transaction costs may be based on the number of shares traded for each client.
- If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- Stonebridge's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- Funds and securities for aggregated orders are clearly identified on Stonebridge's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

- No client or account is/will be favored over another.
- In the event any error occurs in the handling of any client transactions, the firm's policy is to seek to identify and correct any errors as promptly as possible without disadvantaging the client or benefiting Stonebridge in any way. If the error is the responsibility of Stonebridge, the client transaction will be corrected and Stonebridge will be responsible for any client loss resulting from an inaccurate or erroneous order.

## **Item 13    Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT**

**Reviews:** There are several separate stages of account review:

- New Account/New Assets Portfolio Manager Review:  
When new accounts or new additions by clients are established, the Portfolio Managers review each of the accounts weekly to assure that the Investment Strategy is correct; that any restrictions are documented; that cash is invested; and that transferred assets are transitioned appropriately. The accounts continue to be monitored weekly for a period of 90 days.
- Advisor Investment Review:  
Stonebridge establishes a review meeting at intervals requested by the advisors, but no less than annually. The review is between the Advisor and the Portfolio Managers(s) to assess client objectives, investment strategy, portfolio structure and investment performance. The Advisor informs Stonebridge of the intervals of review performed with the client and the Advisor together.
- Client Investment Review:  
Upon account establishment, the client will direct the frequency of investment reviews. Reviews are provided by the Portfolio Manager at the client's request, but no less than annually. The review includes objectives, investment strategy, asset allocation, portfolio structure, performance and anticipated needs going forward.
- Investment Review Committee:  
The Investment Review Committee is comprised of portfolio managers and the Compliance Administrator and meets bi-weekly to review all accounts at least once annually. These accounts are reviewed by: Michael Dashner, Portfolio Manager; Dave Eckenrode, Portfolio Manager; Heidi Hukriede, Portfolio Manager; Ronald Hume, Portfolio Manager; Robert Kincade, Portfolio Manager; Jon Lynn, Portfolio Manager; John Schoenberg, Portfolio Manager; Scott Shinnick, Portfolio Manager, Royse Nies, Portfolio Manager and Gauri Jadhav, Associate Portfolio Manager.

**Reports:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer (custodian), we provide paper or electronic quarterly reports detailing account performance, balances and holdings, and any portfolio changes.

### **WEALTH MANAGEMENT and CONSULTING SERVICES**

**Reviews:** Reviews may occur at different stages of the contract process, depending on the nature and terms of the specific arrangement, unless otherwise contracted for by the client. Such reviews will be conducted by the client's account representative.

**Reports:** These client accounts will receive reports as agreed upon, at the inception of the advisory arrangement and at its conclusion.

## **Item 14 Client Referrals and Other Compensation**

### **CLIENT REFERRALS**

Our firm has entered into referral agreements that may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the Solicitor's firm name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

### **OTHER COMPENSATION**

Our firm has entered into agreements with firms who contract with us to sub-advise for their clients and they may share fees with us for that. The referring firm is responsible for all required and appropriate disclosures.

Stonebridge is compensated for our advisory services to The Covered Bridge Fund through the expense fees of the fund.

## **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client and the client's custodian are advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact Stonebridge directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we make available account statements to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current. If our clients should find discrepancies or have a question, they are encouraged to contact us.

Our firm does not have actual or constructive custody of client accounts.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell;
- Determine the amount of the security to buy or sell;
- The amount of commission to be paid; and, in some cases,
- Determine the broker-dealer to be used.

The primary consideration in selecting a broker-dealer is that broker's ability to provide appropriate product at a competitive price, as well as financial responsibility, and the full range and quality of a broker's services.

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients have the ability to change/amend such limitations by once again providing us with updated written instructions.

## **Item 17 Voting Client Securities**

We offer to vote proxies for all client accounts, and do so for most; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account.

We will vote proxies in the best interests of our clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Stonebridge at 651-251-1000, or in writing to the firm's address. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proof of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting us directly (contact information above).

## **Item 18 Financial Information**

Stonebridge has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Stonebridge has not been the subject of a bankruptcy petition at any time during the past ten years.